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# OR Petition 1

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## PETITION

### North Carolina State Health Coordinating Council

***Submitted to:***

Michael C. Tarwater, Chair  
Acute Care Services Committee  
c/o Medical Facilities Planning Section  
Division of Facility Services  
2714 Mail Service Center  
Raleigh, NC 27699-2714

DFS Health Planning  
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Medical Facilities  
Planning Section

***Submitted by:***

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Franklin Regional Medical Center ("FRMC") is a 70 bed general acute care hospital in Louisburg (Franklin County). FRMC has three shared inpatient/outpatient operating rooms located at the main hospital facility and is the sole provider of surgical services in Franklin County.

***Requested Change***

FRMC requests a special need adjustment for one additional operating room in Franklin County for the *2008 State Medical Facilities Plan*. The *Proposed 2008 SMFP* indicates a deficit of 0.25 operating rooms in Franklin County, which is less than the 0.5 operating room deficit required to trigger a need. However, FRMC believes that there is an urgent and immediate need for additional operating room capacity in the county.

***Reason for Request***

FRMC appreciates the work that has been done to revise the need methodology for operating rooms, both by the Acute Care Services Committee as well as the OR Work Group. FRMC understands that such a task is a complex, time consuming process. The changes that have been suggested thus far, some of which have been adopted for the *Proposed 2008 SMFP*, will undoubtedly increase access to surgical services across the state. However, as is often the case with statewide methodologies, there are counties and providers that exist as outliers.



In these counties, the standard methodology does not accurately determine need. FRMC believes that exceptional and unique conditions exist that demand an expansion of operating room capacity in Franklin County.

It is also important to note that a change to the methodology suggested earlier in the year by a SHCC member, Dr. Dana Copeland, would have generated a need for an operating room in Franklin County, if the change would have been adopted. Specifically, Dr. Copeland recognized that the required threshold of a 0.5 operating room deficit in order to generate a need determination has a much greater impact on counties with fewer operating rooms, such as Franklin. Among other suggestions, Dr. Copeland proposed that counties with fewer than five operating rooms (such as Franklin) generate a need determination at a deficit of 0.2 operating rooms. FRMC understands that this change in the statewide methodology was not adopted; however, because Dr. Copeland suggested the change, FRMC believes that there is at least a general understanding of the imbalance that exists for counties with fewer operating rooms.

The following factors further support the need for an additional operating room in Franklin County.

1. Historical growth in volume supports an additional operating room

Surgery volumes at FRMC, the sole provider of surgical services in Franklin County, have grown at a compound annual growth rate (CAGR) of 9.4 percent since 2003. This includes one year of a slight decline in 2005, when FRMC was impacted by a major operating room renovation project and the loss of some surgeons. Nonetheless, from 2003 to 2006, FRMC's surgery volume grew by more than 600 cases, or 31 percent. Projected to 2010, the year for which need determinations in the 2008 SMFP are projected, FRMC will experience surgical volumes of approximately 3,897 cases.

**Historical and Projected Surgeries based on 9.4% CAGR**

	2003	2004	2005	2006	2007*	2008*	2009*	2010*
Inpatient	347	383	828	1,001	1,095	1,199	1,312	1,436
Outpatient	1,726	1,865	1,206	1,716	1,878	2,055	2,249	2,461
Total	2,073	2,248	2,034	2,717	2,973	3,254	3,561	3,897

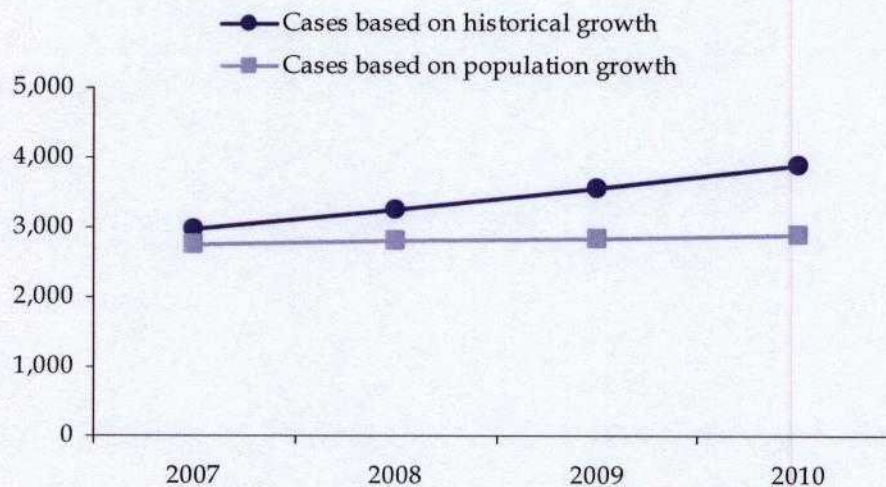
Note: 2007\*-2010\* are projected based on 2003-2006 CAGR of 9.4% applied to inpatient and outpatient surgeries.



Based on the projected 1,436 inpatient surgical cases and the 2,461 ambulatory surgical cases, FRMC's projected total operating hours for 2010 are 7,999 ( $1,436 \times 3$  hours per inpatient case +  $2,461 \times 1.5$  hours per outpatient case = 7,999 hours<sup>1</sup>). Dividing this number by the SMFP's standard hours per operating room per year, 1,872, yields a need for 4.27 rooms in 2010. **Thus, based on actual surgery growth, Franklin County has a need for at least one additional operating room by 2010 given the county's current inventory of only three rooms.**

## 2. Surgical growth has surpassed population growth in Franklin County

As shown in the chart below, when projected at the historical rate of growth, surgical volumes will far exceed the growth projected by the population growth rate for Franklin County in the *Proposed 2008 SMFP*.



Franklin County's total population is projected to grow at compound annual growth rate of 1.4 percent from 2006 to 2010. This growth rate is well below the 9.4 percent historical growth in surgeries.

For Franklin County, the impact of a surgical growth rate that is higher than the population growth is exacerbated by the following coexisting factors:

- a. **Franklin County's operating room need is the highest in the state when compared to its current capacity.** Within the state, no other county has a higher ratio of *Proposed 2008 SMFP* projected operating room deficit to current operating rooms as demonstrated in the table below. In other words, Franklin County is the most disadvantaged

<sup>1</sup> Total hours do not foot because of rounding in inpatient and outpatient surgical volumes.



county with an operating room deficit, because it has the fewest number of existing operating rooms to handle the excess volume. For example, the Pitt-Greene service area also shows a deficit of 0.25 ORs. However, that service area has 32 existing operating rooms; thus, the projected deficit (i.e. operating rooms being utilized over the volume threshold) for the Pitt-Greene service area can be more easily accommodated among the 32 ORs than the three ORs in Franklin County.

#### Ratio of Operating Room Deficit to Current Operating Rooms

<i>County</i>	<i>Proj. OR Deficit</i>	<i>Adj. Planning Inventory ORs</i>	<i>OR Need to OR Inventory Ratio</i>
<b>Franklin</b>	<b>0.25</b>	<b>3.00</b>	<b>0.083</b>
Columbus	0.34	5.00	0.068
Cleveland	0.46	9.00	0.051
Johnston	0.07	7.00	0.010
Pitt-Greene	0.25	32.00	0.008
Moore-Hoke	0.22	27.00	0.008
Union	0.01	8.00	0.001
New Hanover	0.01	41.00	0.000

Note: Only includes counties where the *Proposed 2008 SMFP* has identified some amount of OR deficit.

As noted above, Dr. Dana Copeland recognized this problem and proposed a modification of the operating room methodology at the February 8, 2007 Operating Room Work Group meeting that would address the relationship between need and current inventory of ORs. This petition would address the problem for Franklin County, which faces the greatest disadvantage in OR capacity.

- b. Franklin County has one of the lowest ratios of operating rooms to population in the state.** Within North Carolina in 2006, the number of operating rooms per 100,000 people varies drastically, ranging from a low of 3.5 rooms per 100,000 in Chatham County to a high of 30.7 per 100,000 in Orange County. There are many reasons for this variation, including: increased patient in-migration at tertiary and academic medical centers; the range of acute care services offered within the county; the number of surgeons and the variety of specialties and sub-specialties they represent, among others. Franklin County, with only three operating rooms for a population of 55,316 in 2006, has a ratio of



just 5.4 rooms per 100,000 people, as demonstrated in the table below. In fact, Franklin County has the largest population of any county with three or fewer operating rooms.<sup>2</sup>

**Ratio of Operating Rooms to Population in All NC**

<i>Rank</i>	<i>County</i>	<i>OR Inventory per 100K persons in 2006 Prov Pop</i>	<i>Adj. Planning Inventory ORs</i>	<i>Proj. OR Surplus (Deficit)</i>
1	Chatham	3.466	2	(1.74)
2	Randolph	3.608	5	(0.21)
3	Pender	4.105	2	(1.70)
4	Johnston	4.618	7	0.07
5	Union	4.649	8	0.01
6	Davie	5.020	2	(1.93)
7	Yadkin	5.290	2	(1.75)
8	<b>Franklin</b>	<b>5.423</b>	<b>3</b>	<b>0.25</b>
9	Alexander	5.510	2	(2.00)

Note: In rank order, the next highest county with any projected OR deficit, Columbus, is ranked 32<sup>nd</sup> in OR Inventory per 1,000,000 persons.

- c. **Unlike counties with large surpluses of operating rooms, Franklin County does not have sufficient capacity for growth at a rate higher than that projected by the SMFP.** Because the need methodology in the *Proposed 2008 SMFP* is based primarily on population growth, counties whose surgical volumes are growing at a rate faster than the population growth are at a distinct disadvantage over other counties. For example, Pender County, which actually has a lower operating room to population ratio than Franklin County, has a projected growth rate of 13.26 percent from 2006 to 2010 as detailed in the *SMFP* for a compound annual population growth of three percent. In comparison, its compound annual growth rate in surgical cases from 2003 to 2006 has been negative 31 percent.<sup>3</sup> Unlike Franklin, which has experienced surgical growth at a much higher rate than its population growth, Pender County's surgical procedures are projected to grow at a higher rate in the *SMFP* than the county has actually experienced over the last few years. Thus, the same methodology that provides a distinct

<sup>2</sup> Chatham County has a larger population, but is excluded from this statement because it is served with a critical care hospital with only 25 beds.

<sup>3</sup> Source: 2005-*Proposed 2008 SMFP's*



advantage to counties like Pender puts Franklin County at a disadvantage.

- d. **FRMC needs additional capacity in order to attract and retain surgeons.** The realities of providing health care in rural counties are much different than those in urban areas. Although Franklin County is considered part of the Triangle and is growing rapidly, the county faces challenges when recruiting physicians, including surgeons. As explained above, in 2005, FRMC renovated and expanded its operating rooms, which resulted in at least one operating room being offline for most of the year. During the same year, FRMC lost a general surgery group, which included three surgeons, as well as a two-member ophthalmology group. While FRMC has been able to replace these physicians and is currently recruiting more surgeons, one of the chief concerns expressed by potential surgeons is the lack of sufficient operating room capacity in the county. The allocation of an additional operating room would dramatically improve FRMC's ability to attract surgeons to care for Franklin County patients.
- e. **Franklin County's physician base limits its ability to achieve high operating room utilization.** Like many rural counties, Franklin County has a limited number of surgeons and proceduralists. Doctors in the community work in small physician groups where responsibilities cannot be shared as easily as in larger groups, and thus less time can be devoted to high utilization of operating rooms. In addition, physicians in Franklin County often have offices in the Raleigh area, an hour's drive away, which can prevent them from performing surgeries throughout the day. In fact, only one surgeon on FRMC's medical staff practices exclusively in Louisburg. All the others have offices in other parts of the county or in other counties, and most practice at other hospitals in the area as well. As a result, FRMC has difficulty utilizing its operating rooms for nine hours per day, as assumed in the statewide methodology. This situation limits the medical center's ability to achieve the high utilization rates that are required to generate the need for additional operating room capacity.
- f. **FRMC's highest rate of growth has been in inpatient surgery.** Unlike the current trend driving higher outpatient growth in much of the state, Franklin County has experienced a compound annual growth rate of 42.4 percent in inpatient surgery since 2003, compared with its overall growth of 9.4 percent. Because these cases are generally more complex and take longer to perform, this high rate of growth in inpatient procedures is much more difficult to accommodate with limited



capacity and the limited surgeon availability as described above. As the growth in inpatient surgery performed at FRMC continues, compounded by the population growth in the county, FRMC will have difficulty scheduling timely inpatient procedures. Moreover, this growth in inpatient surgeries will continue to curtail the ability of surgeons to perform outpatient procedures as the operating rooms are being utilized for more serious cases. Thus, FRMC needs additional capacity in order to satisfy the demand for inpatient procedures and continue to offer sufficient access to outpatient cases.

***Impact of Request/Implications if Petition is Not Approved***

The proposed special need petition will allocate a single additional operating room in Franklin County. Unlike other counties in the state with large surpluses of operating rooms, Franklin County, with only three operating rooms, has a projected deficit of 0.25 rooms in 2007, based on the application of the population growth rate to its 2006 volume. FRMC, the sole provider of surgical services in the county, has an actual surgery growth rate that is much higher than the population growth rate. As demonstrated in this petition, Franklin County already demonstrates a need for an additional operating room considering the projected volumes for 2010. We believe that the proposed petition demonstrates a more compelling case than found in similar petitions approved in recent years. Without additional operating room capacity, the hospital will not be able to sustain its growth and residents of Franklin County will be forced to seek surgical services elsewhere.

We appreciate your careful consideration of this petition. Please let us know if we can assist the Acute Care Services Committee in your review of this petition.

Thank you.



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North Carolina State Health Coordinating Council

Public Hearing on the *Proposed 2008 State Medical Facilities Plan*

August 1, 2007

DFS Health Planning  
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*Presented on behalf of: Franklin Regional Medical Center*

AUG 01 2007

Medical Facilities  
PLANNING SECTION

Good afternoon. I am Bonnie Little, Director of Business Development at Franklin Regional Medical Center and I am here today on behalf of our petition requesting a special need adjustment in the *Proposed 2008 State Medical Facilities Plan*. Specifically, we are requesting the allocation of one additional operating room in Franklin County in next year's Plan. The written petition describes the statistical need for an additional operating room; however, I wanted to speak today in this public setting about why an additional operating room could provide substantial benefits for Franklin County residents. On behalf of the medical center and all the residents of Franklin



County, I would also like to express our appreciation for the SHCC members' willingness to attend these public hearings.

As you know, the current methodology to determine operating room need dictates that until there is a deficit of at least 0.5 operating rooms in a given county, no need will be generated. According to the *Proposed 2008 SMFP*, there will be a deficit of 0.25 operating rooms in Franklin County in 2010. Using the statewide methodology, there will be no additional operating room allocated to Franklin County in the 2008 Plan because the deficit has not yet reached 0.5.

Franklin Regional Medical Center is the only provider of surgical services in Franklin County, and currently has only three operating rooms—that's three OR's to serve a population of more than 55,000. In the past



several years, Franklin has experienced growth in its surgical volume above and beyond the population growth rate used in the OR methodology—in fact, surgery volumes have grown at several times the population growth rate. As volume continues to grow and operating room capacity remains the same, a deficit of 0.25 ORs has a greater impact than it might in another community with greater current capacity. It is important to understand what a “deficit” of OR’s really is. It means that providers in the county are projected to operate above the volume thresholds established in the *SMFP*. For counties like Franklin, which have fewer operating rooms to begin with, the challenge of operating above capacity is greater than in other counties. Let me explain this using an example. The Pitt-Greene service area is also projected to have a deficit of 0.25 operating rooms. However, there are 32 operating rooms in this service area. As such, it is much easier to compensate for a



deficit, spreading the "excess capacity" volume among 32 operating rooms. In Franklin County, the additional volume has a significant impact on the three operating rooms.

I want to take a moment to point out that one of the suggestions brought to the OR Work Group this spring would have resulted in a methodology change and a need determination for Franklin County. This suggestion was meant to address the issue I have been explaining. Specifically, Dr. Dana Copeland proposed a tier-ing of the OR service areas, so that areas with fewer OR's would generate a need with a lower deficit. *I believe Dr. Copeland suggested that counties with fewer than five OR's, like Franklin, would generate a need at a 0.2 deficit – which, in this case, would have resulted in a need in Franklin County.* I think it's important to consider that even though the OR Workgroup did not adopt this recommendation for



the statewide methodology, the rationale behind it is sound and supports our petition.

Another important point to understand is how the surgeons provide care at Franklin Regional. As is the case in many rural communities in this state, the surgeons at Franklin tend to be “commuter surgeons;” in fact, only one of our surgeons is based exclusively in Louisburg—the rest commute into town to perform surgery, round on patients and take office visits. After their scheduled time in town, they leave to go to Raleigh or elsewhere to care for the rest of their patients. Because of this, if we need additional OR capacity, we can’t just extend the operating hours into the evening and ask surgeons to come back to town for more cases. To put it simply, the lack of sufficient OR capacity means it is difficult to recruit surgeons to provide care to patients in their community hospital.



In addition, most of our surgeons work in small practices, and as a result have greater responsibilities in their offices and spend more time on call, so their availability for surgery is limited. Because these surgeons have multiple obligations, it is not feasible to schedule surgeries in the late afternoon or evening. So as you can see, limited surgeon availability further increases Franklin's limited OR capacity and makes it difficult to operate above capacity to meet the surgical needs of Franklin County residents.

There are several other statistical reasons that we'll be providing in our petition, but I didn't want to take your time today reading off a list of numbers and percentages.

We believe there is a clear and present need for an additional operating room in Franklin County and



appreciate your careful consideration of this petition.  
Please let us know if we can assist the Acute Care  
Services Committee in your review.

Thank you.